

Appendix: Data on Agricultural Contracts

Comprehensive attempts to survey agricultural contracts began in 1959 when the Census Bureau collected information about contracts in a sample survey following the 1959 Census of Agriculture (U.S. Department of Commerce, 1962). That survey found that approximately 147,000 farms (less than 5 percent of all farms) had contracts for producing or marketing 14 specific commodities. Answers to questions on the timing and terms of the contract, input provision, payment determination, and contract origins showed that contracting was already a well-developed farm production and management tool.

The bureau collected contract information in later follow-on surveys to the Agricultural Census, starting with a 1969 survey that distinguished between marketing and production contracts on farms with sales of \$2,500 or more (U.S. Department of Commerce, 1973). Production contracts were found on 84,000 farms, mostly dairy, poultry, and vegetable farms. Among farms that reported contracts for specific commodities, the 1969 value of production of those commodities came to \$5.4 billion, nearly 12 percent of that year's total value of all production across all farms. A 1977 follow-on survey also provided specific data on contract terms, but was limited to eight commodities in some regions.

The Census Bureau conducted a third survey in 1979, the Farm Finance Survey, to measure the use of production (but not marketing) contracts on U.S. farms in 1978 (U.S. Department of Commerce, 1982). Results indicated that 43,665 farms (1.9 percent of all farms) used production contracts, covering \$12.8 billion of farm production, or just over 10 percent of the total value of production in that year. In 1989, the bureau queried U.S. farmers in the Agricultural Economics and Land Ownership Survey (AELOS) about 1988 production contracts. The results showed modest growth since 1979—the value of commodities produced totaled about \$17.9 billion, 13 percent of the total value of production (U.S. Department of Commerce, 1990).

USDA's National Agricultural Statistics Service (NASS) conducted the 1997 Census and the 1999 AELOS. Production contracts in the 1999 AELOS covered about \$33 billion, 17 percent of the total value of 1999 production (U.S. Department of Agriculture, 2001).

The U.S. Department of Agriculture has collected annual data on contracting by commodity and type of contract (production and marketing) for U.S. farms in the 48 contiguous States (excluding Alaska and Hawaii) in the annual Farm Costs and Returns Survey (FCRS) during 1988-1995, and since 1996 in its successor, the Agricultural Resource Management Surveys (ARMS). The FCRS did not cover the entire farm population of the 48 contiguous States prior to 1991 (most but not all of the undercoverage was on farms with sales less than \$40,000). In 1991, the FCRS design was modified to provide complete coverage of the farm population and to better adjust for nonresponse. Our presentation draws on some supporting information from Census data, but relies primarily on ARMS and FCRS records.

Appendix table 1—Data on contracting from the U.S. Census of Agriculture

Year	Census or follow-on survey?	State-level data	Farms covered	Dollar value of production for contract?	Contract categories ¹
1960	Survey	No	All	No	C
1964	Census	Yes	All	No	P
1965	Survey	No	All	No	P
1969	Census	Yes	Sales > \$2,500	No ²	PMC
1974	Census	Yes	Sales > \$2,500	No ³	PMC
1977	Survey	Yes	Sales > \$2,500	No	PMC
1979	Survey	Yes	All	Yes	P
1988	Survey	Yes	All	Yes	P
1999	Survey	Yes	All	Yes	P

¹ C: report combines production and marketing contracts; P: reports production contracts; M: reports marketing contracts.

² Value of commodity production reported for commodities on farms with contracts for those commodities. Overstates value of contract production by the amount of cash (non-contract sales) on those farms.

³ Surveys farms contacted in 1974 Census, for eight commodities, in limited regions.

Source: Agricultural Census, U.S. Department of Commerce, Bureau of the Census, and follow-on surveys, 1960-1988; 1999 Agricultural Census, U.S. Department of Agriculture, National Agricultural Statistics Service.